



FREQUENTLY ASKED QUESTIONS

AMENDED CY 2015 – 2016 NEW MARKETS TAX CREDIT PROGRAM NOTICE OF ALLOCATION AVAILABILITY

Q: WHY IS THE CDFI FUND DOUBLING THE AMOUNT OF ALLOCATION AUTHORITY AVAILABLE THIS ROUND?

A: The Protecting Americans from Tax Hikes Act of 2015 (PATH Act) extended authorization for the New Markets Tax Credit Program (NMTC Program) for five calendar years (CY 2015 through CY 2019) with \$3.5 billion in annual NMTC allocation authority. In order to make NMTC allocation awards in the respective calendar years as set forth in the PATH Act, the CDFI Fund is combining allocation authority for the CY 2015 and CY 2016 rounds. This change will allow the CDFI Fund to announce the allocation of New Markets Tax Credits in the year for which they are authorized.

Q: WHY DID THE CDFI FUND DECIDE TO COMBINE CY 2015 AND CY 2016 ROUNDS INSTEAD OF WAITING TO AWARD CY 2016 NEXT YEAR?

A: In December 2015, Congress authorized the program for five years, instead of the customary one or two year extension. This created an opportunity for the CDFI Fund to help more communities access the benefits of the tax credits sooner. The NMTC Program is an important tool for communities to attract private investment for community development and commercial revitalization. As of the end of FY 2015, the NMTC Program has:

- Generated \$8 of private investment for every \$1 of federal funding
- Created 164 million square feet of manufacturing, office, and retail space
- Financed over 4,800 businesses

Q: WILL THIS FLOOD THE MARKET WITH TOO MANY CREDITS?

A: Market demand for the New Markets Tax Credit is strong. Each year, Community Development Entities (CDEs) request far more allocation authority than what is available. The total amount of allocation authority requested by applicants in the current application round is \$17.6 billion, which far outstrips available NMTCs. A \$7 billion round will enable the CDFI Fund to award more CDEs, and potentially more first time recipients of the credit, benefiting more communities in need of vital investments.



Q: WITH THE INCREASE IN CREDITS, CAN GROUPS THAT DIDN'T APPLY THIS ROUND SUBMIT AN APPLICATION?

A: We are not accepting new applications. In most years, the CDFI Fund publishes the NOAA in the Federal Register subject to Congressional authorization, which is often not known when the NOAA is released. Re-opening the round for new applications could delay award announcements into the following year.

Q: WHEN DOES THE CDFI FUND ANTICIPATE ANNOUNCING THE ALLOCATIONS THIS YEAR?

A: The CDFI Fund is currently actively reviewing applications per our standard evaluation process. The CDFI Fund estimates that the combined CY 2015-2016 round will be announced in late 2016.

Q: WILL THIS AFFECT THE OPENING OF NEXT YEAR'S ROUND?

A: Yes. The CDFI Fund expects the CY 2017 round opening to be announced in the first quarter of calendar year 2017 in keeping with our plan to announce and award rounds in the calendar year for which they are authorized.

Q: ARE THERE GOING TO BE CHANGES TO THE CY 2017 ROUND AS A RESULT OF THE COMBINED CY 2015-2016 ROUND?

A: The CDFI Fund reviews the NMTC Program's Notice of Allocation Availability (NOAA) after every allocation round, and will communicate any changes to the public.

Q: WILL THE CDFI FUND CHANGE THE QUALIFIED EQUITY INVESTMENT (QEI) THRESHOLDS FOR APPLICANTS APPLYING FOR CREDITS IN CALENDAR YEAR 2017 AND BEYOND?

A: The CDFI Fund is currently considering the QEI threshold requirements for the 2017 competition, and will provide further guidance when the CY 2015-2016 allocation awards are made later this year.